

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY RURAL	)	
ELECTRIC COOPERATIVE CORPORATION FOR	)	CASE NO.
PASS-THROUGH OF BIG RIVERS ELECTRIC	)	2013-00231
CORPORATION WHOLESALE RATE	)	
ADJUSTMENT	)	

ORDER

On November 26, 2013, Meade County Rural Electric Cooperative Corporation ("Meade County") tendered for filing an application to pass through any wholesale increase granted to Big Rivers Electric Corporation ("Big Rivers") in Case No. 2013-00199.<sup>1</sup> Meade submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007. Meade County proposed that its new rates become effective January 31, 2014.

On December 2, 2013, the Commission issued an Order which established a procedural schedule for this proceeding and suspended the operation of the proposed rates up to and including April 27, 2014. The December 2, 2013 Order also provided that if Big Rivers lawfully placed its proposed rates into effect subject to refund after the end of its suspension period established in Case No. 2013-00199, Meade County could simultaneously put its proposed rates into effect subject to refund. In Case No. 2013-00199, Big Rivers' proposed rates were suspended up to and including January 27, 2014.

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<sup>1</sup> Case No. 2013-00199, Application of Big Rivers Electric Corporation for a General Adjustment in Rates Supported by Fully Forecasted Test Year (Ky. PSC Apr. 25, 2014).

On January 27, 2014, Meade County notified the Commission of its intent to place the proposed rates into effect for service rendered on and after February 1, 2014. By Order issued February 4, 2014, we approved Meade County's rates to be effective, subject to refund, for service rendered on and after February 1, 2014. We further directed Meade County to maintain its records in such a manner as will allow it, the Commission, or any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of this matter.

Commission Staff issued, and Meade County responded to, two information requests. There are no intervenors in this case. The matter now stands submitted for a decision based on the evidentiary record.

In its application, Meade County described how it developed its proposed pass-through rates.

. . . [T]he effects of the increase in rates from its wholesale supplier, Big Rivers, are being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.<sup>2</sup>

KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that will result in no change in the rate design currently in effect. Further, 807 KAR 5:007, Section 1(5), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not alter the rate design currently in effect and

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<sup>2</sup> Application, p. 2, paragraph 4.

that the revenue change has been allocated to each class and within each tariff on a proportional basis.

The Commission has reviewed the approach proposed by Meade County to pass through the increase in the wholesale rates of Big Rivers and to allocate such increase to its retail rates. Based upon this review, the Commission finds that Meade County's approach complies with the provisions of KRS 278.455(2) and 807 KAR 5:007, Section 1(5), and, therefore, should be accepted.

The Commission issued an Order today in Case No. 2013-00199 authorizing a \$36,159,928 million annualized increase in Big Rivers' wholesale rates effective for service rendered on and after February 1, 2014. Using the test-year information contained in its application, Meade County will pass through an increase in its wholesale power cost of \$5,628,564 annually.

As previously stated, Meade County placed its proposed rates into effect on February 1, 2014, subject to refund. However, because the wholesale increase put into effect by Big Rivers on February 1, 2014, was fully mitigated by the use of Big Rivers' Economic Reserve fund, the Commission finds that refunds by Meade County are not required.

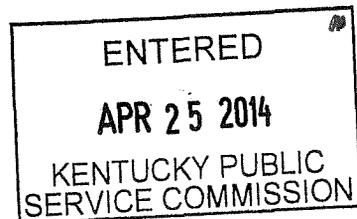
As part of its application, Meade County proposed to make changes to its tariff based on Big Rivers' proposal to accelerate the use of the Economic Reserve fund and Rural Economic Reserve funds to mitigate 100 percent of the wholesale increase. The Commission finds that the proposed tariff changes should be approved with the exception that the "MRSM/RER percentage" provided in Meade's proposed Schedule 22, Member Rate Stability Mechanism, should be recalculated to provide for the

mitigation of the amount of the wholesale increase granted to Big Rivers in Case No. 2013-00199. In addition, the Commission finds that Meade County should make any additional tariff changes that may be necessary as a result of the Commission's decisions in Case No. 2013-00199 that relate to the use of the Economic Reserve and Rural Economic Reserve funds.

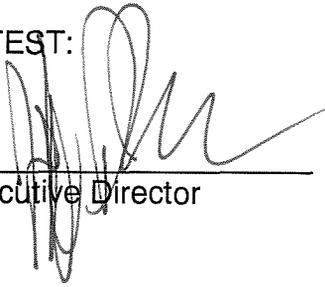
IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Meade County's application are denied.
2. The approach proposed by Meade County to allocate its portion of the increase in wholesale rates authorized in Case No. 2013-00199 is accepted.
3. The rates set forth in the appendix hereto are approved for service rendered on and after February 1, 2014.
4. Within 20 days of the date of this Order, Meade County shall file with this Commission, using the Commission's electronic Tariff Filing System, its revised tariffs setting out the rates and tariff modifications approved or as required herein and stating that they were approved pursuant to this Order.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2013-00231 DATED **APR 25 2014**

The following rates and charges are prescribed for the customers in the area served by Meade County Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

SCHEDULE 1  
RESIDENTIAL, FARM, NON-FARM, SCHOOLS AND CHURCHES

Customer Charge per Day	\$ .572
Energy Charge per kWh	\$ .097665

SCHEDULE 2  
COMMERCIAL RATE

Customer Charge per Day	\$ .816
Energy Charge per kWh	\$ .104294

SCHEDULE 3  
THREE PHASE POWER SERVICE, 0 KVA AND GREATER

Customer Charge per Day, 0 - 100 KVA	\$ 1.786
Customer Charge per Day, 101 - 1,000 KVA	\$ 3.118
Customer Charge per Day, Over 1,000 KVA	\$ 4.450
Energy Charge per kWh	\$ .065794
Demand Charge per kW	\$ 11.00

SCHEDULE 3A  
THREE PHASE POWER SERVICE, 0 KVA - 999 KVA  
OPTIONAL TIME-OF-DAY RATE

Customer Charge per Day	\$ 2.641
Energy Charge per kWh	\$ .065794
Demand Charge per kW	\$ 11.00

SCHEDULE 4  
LARGE POWER SERVICE, 1,000 KVA AND LARGER (TOD)

Customer Charge per Month (If Equipment Provided by Meade)	\$ 805.93
Customer Charge per Month (If Equipment Provided by Customer)	\$ 142.23
Energy Charge per kWh:	
First 300 kWh per kW	\$ .060553
All Remaining kWh	\$ .052130
Demand Charge per kW	\$ 10.50

SCHEDULE 5  
OUTDOOR LIGHTING SERVICE

Monthly Rates:	
175 Watt Unmetered	\$ 10.93
175 Watt Metered	\$ 4.77
400 Watt Unmetered	\$ 16.42
400 Watt Metered	\$ 4.77
Pole Rental	\$ .56

SCHEDULE 6  
STREET LIGHTING SERVICE – COMMUNITY, MUNICIPALITIES, TOWNS

Monthly Rates:	
175 Watt	\$ 9.98
400 Watt	\$ 15.72

SCHEDULE 8  
SMALL POWER PRODUCTION OR COGENERATION (100 kW OR LESS)

Base payment per kWh	\$ .0450
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SCHEDULE 10  
SMALL POWER PRODUCTION OR COGENERATION (OVER 100 kW)  
CUSTOMER BUYS POWER FROM MEADE COUNTY

The Charges for On-peak Maintenance Service shall be the greater of:

- |   |          |
|---|----------|
| (1) Per kW of Scheduled Maintenance Demand per Week | \$ 3.22  |
| Plus per kWh of Maintenance Energy                  | \$ .0450 |

OR

- |                             |      |
|-----------------------------|------|
| (2) Percent of Market Price | 110% |
|-----------------------------|------|

The Charges for Off-peak Maintenance Service shall be:

- |   |         |
|---|---------|
| Per kW of Scheduled Maintenance Demand per Week | \$ 3.22 |
|---|---------|

Excess Demand:

- |   |      |
|---|------|
| To Import from a 3 <sup>rd</sup> Party: |      |
| Percent of Actual Cost                  | 110% |

Not Imported, the greater of:

- |   |           |
|---|-----------|
| (1) Charge per kW times the highest Excess Demand | \$ 13.805 |
|---|-----------|

OR

- |   |      |
|---|------|
| (2) Percent of Highest Price received during an Off-System<br>Sales Transaction times the sum of Excess Demands | 110% |
|---|------|

SCHEDULE 24  
RENEWABLE RESOURCE ENERGY SERVICE TARIFF RIDER

- |                              |           |
|------------------------------|-----------|
| Non-Direct Served Customers: |           |
| Premium per kWh              | \$ .01059 |

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